



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0100	Title:	Increase coal board funding
Primary Sponsor:	Black, Jerry W	Status:	As Amended in Senate Committee

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$1,333,632	\$1,302,651
Revenue:				
General Fund	\$0	\$0	(\$1,333,632)	(\$1,302,632)
State Special Revenue	\$0	\$0	\$1,333,632	\$1,302,651
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>(\$1,333,632)</u>	<u>(\$1,302,632)</u>

Description of fiscal impact:

SB 100 temporarily reallocates 2.9% of coal severance tax revenue from the general fund to the oil, gas, and coal natural resource account. The amount reallocated is about \$1.3 million per year.

The timing of this impact is contingent on HB 645. If HB 645 allocates funds to the oil, gas, and coal natural resource account and is passed and approved, then SB 100 is effective for FY 2012 through FY 2015. If HB645 is not passed and approved in a form that allocates funds to the oil, gas, and coal natural resource account, then SB 100 is effective for FY 2010 through FY 2013.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

- Under current law, 2.9% of coal severance tax revenue is allocated to the oil, gas, and coal natural resource account. This bill would temporarily increase the allocation to 5.8%, for coal produced in FY 2012 through FY 2015. (See technical note.)

2. The following table shows projected coal severance tax revenue, the amount allocated to the oil, gas, and coal natural resource account by this bill, the amount allocated to the account under current law, and the difference.

Fiscal Year	Coal Severance Tax Revenue	Revenue to Oil, Gas, and Coal Natural Resource Account		
		SB 100, 5.8%	Current Law, 2.9%	Difference
2010	\$46,096,000	\$1,336,784	\$1,336,784	\$0
2011	\$48,271,000	\$1,399,859	\$1,399,859	\$0
2012	\$45,987,299	\$2,667,263	\$1,333,632	\$1,333,632
2013	\$44,919,014	\$2,605,303	\$1,302,651	\$1,302,651

3. Revenue to the general fund would be reduced by the additional amount allocated to the oil, gas, and coal natural resource account each year.
4. This bill would not affect the Department of Revenue's costs of administering the coal severance tax.

Department of Commerce

5. The additional funds would be managed by existing Coal Board staff with the assumption that the Community Development Division's 2011 biennium budget request is approved as proposed.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Grants	\$0	\$0	\$1,333,632	\$1,302,651
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$1,333,632</u>	<u>\$1,302,651</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$1,333,632	\$1,302,651
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$1,333,632</u>	<u>\$1,302,651</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	(\$1,333,632)	(\$1,302,651)
State Special Revenue (02)	\$0	\$0	\$1,333,632	\$1,302,651
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	(\$1,333,632)	(\$1,302,651)
State Special Revenue (02)	\$0	\$0	\$0	\$0

Long-Term Impacts:

1. This bill would reallocate approximately \$1.3 million of coal severance tax revenue from the general fund to the oil, gas, and coal natural resource account in FY 2014 and FY 2015. The current law allocation would be restored in FY 2016.

Technical Notes:

1. Section 4 makes this act terminate either September 30, 2013 or September 30 2015, depending on HB 645. The bill does not specify whether that termination is intended to return to current law for taxes collected on coal produced after the termination date or for taxes collected after the termination date. This fiscal note assumes that the intent is for the bill to apply to taxes collected after the termination date. If that is not the intent, it should be clarified.

Sponsor's Initials

Date

Budget Director's Initials

Date